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Atmanirbhar 3.0: How the stressed sectors, job creation, real estate will benefit

Announcing new stimulus measures, Finance Minister Nirmala Sitharaman said the "unrelenting reform pitch" of the government has helped in a "strong recovery" taking root in the economy.



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Union Finance Minister Nirmala Sitharaman addresses a press conference in New Delhi on November 12, 2020. (Twitter/@FinMinIndia)



and infrastructure sectors.

The Finance Ministry extended the deadline for the Emergency Credit Line Guarantee Scheme (ECLGS) — under which collateral-free government-guaranteed additional credit is given to MSMEs — until March 31, 2021.

Press Conference by Union Finance Minister Nirmala Sitharaman



In light of the increased crop sown area, an additional Rs 65,000 crore are being provided as fertiliser subsidy over and above the provision in the [Budget](#).



Announcing these stimulus measures, Finance Minister [Nirmala Sitharaman](#) said the “unrelenting reform pitch” of the government has helped in a “strong recovery” taking root in the economy.

What is being done for stressed sectors?

The government has launched a new version of the ECLGS scheme to provide funding support to stressed sectors in the economy.

This is within the Rs 3 lakh crore loan sanction limit set under the scheme, but it could be raised depending on the demand. Companies that have loan dues up to 30 days (Special Mention Accounts or SMA 0) as on February 29, 2020 will be provided additional credit of 20 per cent outstanding under the scheme.



crore as on February 29, are eligible to avail funding under the scheme. [SUBSCRIBE](#) [Expres](#) [Sign in](#)

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The stressed sectors, including construction, trade, hotels, and transport, contributed nearly 83.4 per cent to the contraction in the services sector in the April-June quarter. The ECLGS scheme, which has been extended until November 30, has made disbursements of Rs 1.48 lakh crore against sanctions of Rs 2.03 lakh crore to 60.67 lakh borrowers, as per government data.

A five-member expert committee headed by K V Kamath, former chairman of ICICI Bank, which was set up to recommend financial parameters required for a one-time loan restructuring window for corporate borrowers, said in its report that companies in sectors such as retail trade, wholesale trade, roads, and textiles were facing stress. Sectors that have been under stress pre-Covid include NBFCs, power, steel, real estate, and construction.

The Kamath committee noted that corporate sector debt worth Rs 15.52 lakh crore had come under stress after the [pandemic](#) hit India, while another Rs 22.20 lakh crore was already under stress by then. This effectively means Rs 37.72 lakh crore (72 per cent of the banking sector debt to industry) remains under stress. This is almost 37 per cent of the total non-food bank credit.



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available until March 31, 2021. Industry sources said these measures will provide significant relief to companies that are expected to recover in line with the pick-up in economic activity, but face immediate shortage of funds.



Union Finance Minister Nirmala Sitharaman and Minister of State Anurag Thakur during a news conference in New Delhi, Thursday, Nov 12, 2020. (PTI Photo: Kamal Kishore)

What steps have been announced to boost employment creation?



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contribution for adding new employees to establishments registered with the Employees' Provident Fund Organisation (EPFO). The central government will provide the subsidy for two years for workers who lost jobs between March 1 to September 30, and for new workers employed on or after October 1.

Under the scheme, the government will pay the PF contribution for workers with wages up to Rs 15,000. The contribution of 24 per cent for both employers and employees for establishments employing up to 1,000 employees will be borne by the government; and for establishments employing more than 1,000 employees, 12 per cent of the employees' share will be contributed by the government.

The additional eligibility condition for the scheme specifies that the subsidy will be provided for employment of two new employees if the establishment has 50 or fewer employees, and will be paid for five new employees if establishments have more than 50 employees.

The subsidy amount under the scheme, which will be operational until June 30, 2021, will be credited upfront only in [Aadhaar](#)-seeded EPFO accounts (UAN) of new employees.

“99.1 per cent of the establishments will be covered under this scheme and 65 per cent of all employees in the formal sector are estimated to be covered in the first



The new scheme is similar to the earlier scheme of Pradhan Mantri Rozgar Protsahan Yojana (PMRPY) which was implemented up to March 2019 to incentivise new employment. PMRPY was announced in August 2016, with the government providing for full employers' contribution of 12% (EPF and Employees' Pension Scheme), for a period of three years for new employees registered with the EPFO on or after April 1, 2016, and earning up to Rs 15,000 per month. A total Rs 8,300 crore has been given to 1,52,899 establishments covering 1,21,69,960 beneficiaries under PMRPY.

The government also announced additional outlay for employment under the earlier announced scheme of the Pradhan Mantri Garib Kalyan Rozgar Yojana. The government had earlier identified 116 districts across six states where at least 25,000 workers have returned in each district to provide employment to migrant workers for 125 days by bringing together nearly 25 schemes and frontloading the work and money allotted for the whole year.

On Thursday, it said Rs 37,543 crore has been spent till date under the scheme, making an additional outlay of Rs 10,000 crore for PM Garib Kalyan Rozgar Yojana. The rural employment guarantee programme, MGNREGA, was provided with Rs 61,500 crore in the Budget for 2020-21, with Rs 40,000 crore was additionally provided in Atma Nirbhar Bharat 1.0.



person-days of employment have been generated," it said.

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What has the FM announced for construction and infrastructure?

In a major boost that may lead to revival of stalled affordable housing projects, the FM announced an additional outlay of Rs 18,000 crore for the PM Awas Yojana (PMAY) – Urban. The FM said this would help 12 lakh houses to be grounded, and 18 lakh to be completed.

Industry participants say that this will not only help meet the housing need in urban areas, the revival of stalled projects will also lead to an increase in economic activity and job creation in the construction sector.

In another major move, the FM announced a reduction in the earnest money deposit and performance deposit on government tenders (also applicable to PSEs). While it reduced the performance security on contracts to 3 per cent from around 5-10 per cent, she said that EMD will not be required.

While the relaxations have been provided until December 31, 2021, industry insiders say that this comes as a major relief for the construction sector, as it will free up the capital of contractors, and will enhance their financial ability to carry out the project.



Investment and Infrastructure Fund (NIIF) to support debt financing tot^{SUBSCRIBE} lakh crore by 2025. ¹ ¹ [Sign in](#)

NIIF Strategic Opportunities Fund has set up a debt platform comprising an NBFC Infra Debt Fund and an NBFC Infra Finance Company, comprising a total loan book of Rs 8,000 crore and a deal pipeline of Rs 10,000.

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What has been done for the real estate sector?

In a move that may allow developers to sell their housing units at 20 per cent lower than the circle rate on account of the price reduction in the market, the government has announced an increase in the differential from 10% to 20% (under section 43CA) for the period from the date of the announcement to 30th June 2021.

The benefit will, however, be available only on the primary sale of residential units with a price value of up to Rs 2 crore. This will effectively allow developers to



registration would not be at the circle rate

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